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Virtue in business: Alliance Boots and an empirical exploration of MacIntyre's conceptual framework

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Abstract

This paper contextualises before summarising a conceptual framework for virtue ethics in organizations that has been developed by drawing upon the work of the moral philosopher Alasdair MacIntyre. Conducting empirical work with this framework is at an embryonic stage and so, having discussed methodological issues, the paper reports on findings from a longitudinal case study-based research project into the private equity owned organization Alliance Boots. It demonstrates the applicability of the conceptual approach and hence the presence of practices and virtues even within capitalist business organisations. It makes theoretical advances particularly in the relationship between internal and external goods. It proposes a mapping for virtue in organizations and uses this to conduct an organizational analysis of Alliance Boots and its predecessor organizations. The paper thus makes both theoretical and empirical contributions to our knowledge in the area of applied virtue ethics.

Keywords

Virtue ethics, MacIntyre, Alliance Boots, Organizational purpose, Success-excellence

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Biography

Geoff Moore is Professor of Business Ethics at Durham Business School, Durham University, UK. He has published in a range of internationally recognised journals including *Organization Studies*, *Business Ethics Quarterly* and *Journal of Business Ethics*. He is a member of the editorial boards of *Business Ethics Quarterly* and *Business Ethics: a European Review*, and previously of *Journal of Business Ethics*. In addition to work on Fair Trade, his research has focused mainly on the application of virtue ethics to business organisations drawing particularly on the work of Alasdair MacIntyre.

Introduction

Alasdair MacIntyre is known for his objections to the 'Enlightenment project' and his proposals for a neo-Aristotelian virtue ethics. Despite his antipathy to capitalism and his critique of managers inside bureaucratic organizations, his work has been applied to many different fields (Beadle & Moore, 2006), and its application to contemporary and specifically to business organizations is already well documented (Beadle, 2002; Beadle & Moore, 2011; Moore, 2002, 2005a, 2005b, 2008, 2009; Moore & Beadle, 2006). This approach to the application of virtue ethics to business organizations has also contributed to a broader stream of work (not all of which complements the approach taken here) on virtue and organizational ethics – Halliday and Johnsson (2010), Hancock (2008), Neubert, Carlson, Kacmar, Roberts and Chonko (2009), and Wright and Goodstein (2007), for example. However, a weakness in this area, as we will see in more detail below, is that there has been limited empirical work

related specifically to a MacIntyrean approach. The key purposes of this paper are to help to fill this empirical lacuna in order to refine the theoretical framework, and so to encourage further engagement with this approach.

The paper contextualises MacIntyre's project before summarising his conceptual framework as it has been applied to business organizations. It then turns to methodological considerations of how such concepts might be explored in practice. The fundamental research question was whether and how MacIntyre's conceptual framework could be studied empirically and whether it tended to confirm, refute or suggest modifications to the theory. A case study of the private equity-owned organization Alliance Boots is presented which demonstrates to a large extent the applicability of the conceptual approach but introduces some important nuances, particularly to our understanding of the notion of goods. The paper also proposes a mapping for virtue in organizations based on organizational purpose along one dimension and success versus excellence along another. This enables an assessment of Alliance Boots and its predecessor organizations along virtue lines. Conclusions include reflections on the theoretical and empirical contributions which the paper makes.

MacIntyre's conceptual framework and its application to business organizations

The application of a specifically Aristotelian or neo-Aristotelian virtue ethics to business organizations has given rise to a steady flow of work (Koehn, 1995, 1998; McCloskey, 1998, 2006; Provis, 2010; Sison, 2003, 2008, 2011; Solomon, 1992, 1999, 2004; Tsoukas & Cummings, 1997, for example). There is much to be gained from this approach. The emphasis on organizational purposiveness (Solomon, 2004, p.1023, p.1026; Tsoukas & Cummings, 1997, p.673) and flourishing (Solomon, 2004, p.1024), the argument for privileging practical wisdom over scientific rationality, the alternative emphasis on a narrative rationality and the reconnecting of means and ends by dissolving the fact / value distinction, all present a powerful critique of Enlightenment-based business ethics and offer a means of 'thinking differently' about management theory (Tsoukas & Cummings, 1997, p.664-70, p.676).

Nonetheless, there are also weaknesses in this approach. There is, for example, a too easy conflation of the Aristotelian *polis* with the business organization, with corporations seen simply as modern-day communities (Sison, 2011; Solomon, 2004, p.1022, p.1026, p.1030) and, linked to this, an insufficiently critical linking of individual (bourgeois) virtues to business success (McCloskey, 1998, 2006; Solomon, 1999). But perhaps the key weakness lies in an insufficiently critical understanding of the nature of the modern corporation. Koehn, for example, critiquing her own Aristotelian sympathies, acknowledges that 'the extent virtue ethics downplays or ignores power structures and systemic biases, it indirectly fosters unethical behavior' (Koehn, 1998, p.506). To better understand the nature of the modern corporation we require a level of sophistication in our analysis of business organizations and of the powerful institutional forces that operate within and upon them (c.f. Clegg, Courpasson & Philips, 2006; Clegg, 2010). We also require an appropriately critical virtue ethics that this otherwise rich body of work does not offer – and MacIntyre's own neo-Aristotelianism does, as I will seek to demonstrate below.

As noted above, MacIntyre might seem to be an odd choice of protagonist to support arguments which promote business ethics within a capitalist system. But nor is MacIntyre's work, and in particular his critique of the manager within bureaucratic organisations, without

its critics (Moore, 2008). The essence of the argument is that, while MacIntyre's characterisation of the manager is broadly acknowledged, his pessimism that nothing can be done about it (that, essentially, managerial agency is entirely constrained by the capitalist system) is not shared. And, indeed, while MacIntyre himself continues to disagree (personal correspondence with the author), the argument has been put forward (Moore & Beadle 2006, for example) that MacIntyre's own work, and in particular his conceptual framework of virtues-goods-practices-institutions, may be particularly helpful in seeking to resolve such conflict. The point to which this discussion leads is that organizations (including, *contra* MacIntyre, even capitalist business organizations) may be re-described in MacIntyre's terms as practice-institution combinations.

MacIntyre's conceptual framework

MacIntyre's conceptual framework is shown in diagrammatic form in Figure 1, and has been explored in detail elsewhere (Moore & Beadle, 2006; Moore, 2008). The essence is that virtues are exercised particularly inside practices and give rise to internal goods, but that to survive practices need to be housed within institutions which are concerned with external goods. Thus organizations (practice-institution combinations) contain an inherent tension between the generation and prioritisation of internal and external goods. It is worth noting that MacIntyre's use of the term 'practice' differs from its use in organization studies (Miettinen, Samra-Fredericks & Yanow, 2009), though it may well be that MacIntyre's usage is additive rather than contradictory. His usage of the term 'institution' also differs somewhat from new and old institutional theory (Moore & Beadle, 2006, p.380, p.384; Beadle & Moore, 2011, p.103-104; and c.f. Clegg, 2010) and from New Institutional Economics' use of the term (Moore, 2011, p.50).

Insert Figure 1 about here

Internal goods include both the excellence of products and the perfection of the individual in the process (MacIntyre, 1994, p.284, 2007, p.189-190). In the context of the case study organization that will be introduced later, the internal goods of the practice revolve around the production and distribution of health and beauty products, each with their own industry-derived standards of excellence, and the opportunities for flourishing that the practice offers to its practitioners. By contrast, external goods include survival, reputation, power, profit or, more generally success.

MacIntyre's description of institutions and their relationship with practices can be applied in almost any context. As MacIntyre himself illustrates, 'Chess, physics and medicine are practices; chess clubs, laboratories, universities and hospitals are institutions' (MacIntyre, 2007, p.194). The argument has been made (Keat, 2000, p.117; Moore, 2002, 2005a, 2005b, 2008; Moore & Beadle, 2006), against MacIntyre's own critique of capitalism and his suspicion of the institutional accrual of external at the expense of internal goods (MacIntyre, 1994, p.286, 2007, p.227), that we can legitimately extend what he refers to generically as 'productive crafts' (MacIntyre, 1994, p.284) to business organizations in general by noting that at the core of any such organization (and organizations in general) there is a practice. The particular practice may be fishing, producing beef, or retailing. The entirely common feature, however, is that all such activities fall within MacIntyre's definition of a practice. And an important part of the argument is that unless the institution sustains the core practice on which it is based, the organization will not survive.

One final element of the framework, and one of particular relevance to management (Moore, 2008), is the secondary practice of the making and sustaining of the institution – shown in Figure 1 by the smaller circle with the ‘P’ inside.

The virtuous business organization

Drawing on this conceptual framework we can identify various features of a virtuous business organization and, associated with this, the responsibilities particularly of senior management for ensuring that these features exist and are nurtured. The first requirement is that there is a *good purpose* for the particular practice-institution combination that it comprises. Second, the institution would be aware that it is founded on and has as its most important function *the sustenance of the particular practice that it houses*, and following from this the organization would *encourage the pursuit of excellence in that practice* whatever that may mean for the particular practice in question. Third, it would *focus on external goods* as both a necessary and worthwhile function of the organization (they are *goods*), but only to the extent that the sustenance and development of the practice is not distorted by, for example, the pursuit of growth for its own sake.

For our purposes here, more needs to be said about two of these requirements. In relation to purpose MacIntyre is clear that for individuals the virtues enable the achievement of a person’s *telos* of *eudaimonia* (‘blessedness, happiness, prosperity. It is the state of being well and doing well, of a man’s being well-favoured himself and in relation to the divine’ (MacIntyre, 2007, p.148)). There is, therefore, the notion of internal goods from various practices being amalgamated to form some notion of *the good* for the individual. But in addition to this, there is also the common good, the ‘goods of those types of communities in and through which the goods of individual lives are characteristically achieved’ (MacIntyre, 1994, p.288). This link to the communal level is a point made well by McCann and Brownsberger (1990, p.227-28):

‘... the normative character of MacIntyre’s definition of a social practice ... is secured within a larger account of the moral life as a whole. There must be some *telos* to human life, a vision anticipating the moral unity of life, given in the form of a narrative history that has meaning within a particular community’s traditions; otherwise the various internal goods generated by the range of social practices will remain disordered and potentially subversive of one another. Without a community’s shared sense of *telos*, there will be no way of signifying ‘the overriding good’ by which various internal goods may be ranked and evaluated.’

Empirical questions follow in judging the goodness of purpose of a particular organization, which is the extent to which the internal goods of the practice at the core of the organization (the excellence of the product or service and the perfection of the practitioners in the process) contribute to the overriding good of the community. The common good is, therefore, not simply the aggregation of all constituent goods, just as the individual’s good is not simply the aggregation of all internal goods. There is, thus, a distinctly different process involved in the ranking and evaluating of internal goods from their initial attainment, and this applies at both the individual and communal level: ‘... the ordering of goods within the activities of individual lives, so that the good of each life may be achieved, is found to be inseparable from the ordering of those goods in achieving the common good’ (MacIntyre, 1994, p.288). In order to ensure that this is the case, however, there will need to be a continuing debate within the organization, and ideally between the organization and the communities of which it is a part, as to what the community’s good is and how the organization’s internal goods

contribute to it: 'In contemporary societies our common goods can only be determined in concrete and particular terms through widespread, grassroots, shared, rational deliberation' (MacIntyre, 2010). We will return to this issue in considering the empirical analysis below.

The second requirement that we need to explore further is the inter-relationship between internal and external goods. It is clear from MacIntyre's writings in general that it is internal goods that should be prioritised, and that external goods are secondary and should be valued only in so far as they enable the achievement of internal goods. He notes, however, that, 'it is ... always possible for a particular individual or social group *systematically to subordinate goods of the one kind to goods of the other*' (MacIntyre, 1988, p.35, emphasis added), and we can infer that internal goods are normally subordinated to external goods. The inter-relationship between the two different types of goods is explored by MacIntyre (1988, p.35) in a passage that is worth quoting at length (though noting his slightly different terminology):

'It would be a large misconception to suppose that allegiance to goods of the one kind necessarily excluded allegiance to goods of the other. For on the one hand those forms of activity within which alone it is possible to achieve the goods of excellence [internal goods] can only be sustained by being provided within institutionalised settings. And the maintenance of the relevant institutional and organisational forms always requires the acquisition and retention of some degree of power and some degree of wealth. Thus the goods of excellence cannot be systematically cultivated unless at least some of the goods of effectiveness [external goods] are also pursued. On the other hand it is difficult in most social contexts to pursue the goods of effectiveness without cultivating at least to some degree the goods of excellence, and this for at least two reasons. The achievement of power, wealth and fame often enough requires as a means the achievement of some kind of genuine excellence. And, moreover, since the goods of effectiveness are those goods which enable their possessor to have or to be, within the limits of contingent possibility, what he or she wants, whenever what someone whose fundamental allegiance to effectiveness just happens to want, for whatever reason, to be genuinely excellent in some way, goods of effectiveness will be put to the service of goods of excellence.'

This nuanced account of the point of the virtues gives rise to the outcome *both* that internal goods should be prioritised as giving purposive structure to human activities *and* that this will require an appropriate balancing in the pursuit of internal and external goods. Thus we arrive at a second empirical question which is the extent to which an organization prioritises the pursuit of internal over external goods or, in other words, prioritises the practice over the institution. And we should note that the virtuous organization is *not* one which prioritises the pursuit of internal goods to the exclusion of external goods, but one that maintains an appropriate balance, with the emphasis just on the side of internal goods. Identifying that point of balance is, of course, not a science but will require judgement on behalf of both the practitioners and managers of the organization.

This completes the conceptual framework in so far as we require it for our purposes here. We now turn to considerations of methodology and a description of the case study organization Alliance Boots.

Methodological considerations and the case study organization

It is clear that MacIntyre himself sees the value of empirical work in order to confirm or refute his philosophy (MacIntyre, 2008a, p.6). This points to considerations of intelligibility, narrative, social structure and agency in empirical studies. As such, it has been argued that MacIntyre can be understood as a critical realist (Achtemeier, 1994; Beadle & Moore, 2006). Critical realism can be characterised as an approach which maintains the existence of an objective reality (and hence exhibits a realist ontology) while being sceptical toward our ability to understand it (and hence a critical epistemology). In contrast to the incommensurable paradigms of much organization studies, MacIntyre's critical realism offers not relativism but a tradition-constituted pursuit of truth that supervenes on the perspectivist-relativist position (Beadle & Moore, 2011). There are similarities between this approach and pragmatism (Creswell, 2003, p.11-13) which 'brushes aside the quantitative / qualitative divide and ends the paradigm war by suggesting that the most important question is whether the research has helped' (Feilzer, 2010, p.14), and in such a way as 'to produce socially useful knowledge' (2010, p.6).

While Coe and Beadle (2008) identify a range of methods appropriate for 'doing empirics' with MacIntyre's conceptual framework, an emphasis on 'thick descriptions' created through narrative is evident (Beadle & Moore, 2011). Unsurprisingly, therefore, the case study method emerges as perhaps the most appropriate approach for exploring virtue in business organizations, as is evident in the limited number of studies to date which employ an overtly MacIntyrean framework. Examples include studies in the oil industry (Crockett, 2005), the circus (Beadle & Könyöt, 2006), and of organizations such as Traidcraft (the leading Fair Trade organization in the UK – Moore & Beadle, 2006), The Sage Gateshead (a large multi-function music facility in the north east of England – Coe & Beadle, 2008) and a revised analysis of the Bristol Royal Infirmary case (Weick & Sutcliffe, 2003) from a MacIntyrean perspective (Beadle & Moore, 2011). This paper builds on these studies but most particularly on Crockett's work as being the closest to the context and methodology of this study. For the purposes of this particular piece of research, given the paucity of previous studies, an exploratory approach was taken (Yin, 1994, p.3-4).

The organization that forms the basis of the case study is Alliance Boots, a large multi-national health and beauty group (www.allianceboots.com). The opportunity to study this organization arose serendipitously through a personal contact of the author who knew the Director of Corporate Social Responsibility. This key contact was willing to give access to the organization, both to the considerable archive that Boots (one of the two constituent organizations) maintains and to individuals both within and outside of the organization, who were contacted and their willingness to participate in interviews ascertained directly (all did so).

Aside from the opportunity to study this organization, why did Alliance Boots form a suitable object of study? In discussing the selection of cases, Eisenhardt and Graebner (2007, p.27) note that cases can be sampled 'for theoretical reasons, such as revelation of an unusual phenomenon ... and elaboration of the emergent theory'. In Alliance Boots' case there was an unusual phenomenon in that two organizations – Alliance UniChem plc, a leading European healthcare group, and Boots plc, a largely UK-based manufacturer and retailer of health and beauty products – had merged in July 2006, and had then been taken out of public and into the private ownership of Kohlberg, Kravis and Roberts (KKR – www.kkr.com), a global asset management firm working in private equity and fixed income, in June 2007. The merging of two organizations with such different histories and organizational cultures,

coupled with the well-known financial orientation of the private equity industry, suggested that various aspects of MacIntyre's conceptual framework might be open to exploration.

Private equity has been the subject of much attention recently (Nielsen, 2008). The standard view of a strong financial orientation (in MacIntyre's terminology, a single-minded focus on external goods), is borne out by such studies, due largely to increased debt burdens. In Alliance Boots' case the total borrowings increased from £1.33 billion prior to the takeover to £9.32 billion afterwards (financial statements March 31, 2007 and March 31, 2008 – www.allianceboots.com/financial_information/annual_review.aspx). However, by being able to offset the interest payments against tax, and in Alliance Boots' case, controversially relocating its headquarters to Zug in Switzerland where tax rates are lower than the UK (Daily Mail, 2010), there is the possibility of some mitigation of these costs.

Nevertheless, there is still the requirement to service the level of debt, and this clearly places heavy demands upon the organization. It is for this reason that private equity has a reputation for 'asset stripping' or 'slash and burn' approaches. However, while 'hard HRM' approaches (vigorous use of performance management and performance pay, self-managed teams and enforced flexibility) are evident (Thornton, 2007), there is also evidence of positive effects on HR practices with increases in training and employee involvement (Bruining, Boselie, Wright & Bacon, 2005). There is also evidence that some private equity firms increase employment although counter-evidence that they reduce employment and wage levels in some cases (Thornton, 2007). There appears to be a difference between MBOs (management buy-outs) in which private equity is used to support an incumbent management team, where employment tends to increase, and MBIs (management buy-ins) in which a new management is imposed from outside, where employment tends to decrease (Thornton, 2007).

Overall, there appear to be two different approaches taken by private equity investors. One is cost reduction, with the Automobile Association (AA) in the UK being a celebrated example where more than 3,000 jobs – nearly 30% of the workforce – were axed. The alternative is investment (Bruining et al., 2005). Alliance Boots was an example of an MBO and, it transpired, the new private equity owners were to take an investment approach. In either case, however, the strong 'institutional logic' (Friedland & Alford, 1991, p.248) in private equity organisations, prioritising external goods and thus placing short-term pressures on internal goods, is abundantly clear and is likely to impact on organizational members.

Alliance Boots, however, is only a single case and there are, of course, criticisms that have been levelled at such research. While it could be argued that this was a study of four organizations over a period of three years or so (Alliance Unichem plc, Boots plc, the merged Alliance Boots plc and finally the private equity-owned firm Alliance Boots), the charge of a single case study, even one with a longitudinal element, still requires some defence. Eisenhardt and Graebner (2007, p.27), drawing on Yin (1994), again provide a helpful response: 'Theoretical sampling of single cases is straightforward. They are chosen because they are unusually revelatory, extreme exemplars, or opportunities for unusual research access ... single-case research typically exploits opportunities to explore a significant phenomenon under rare or extreme circumstances'. Siggelkow (2007, p.20) also argues for the persuasive power of the single case: '... it is often desirable to choose a particular organization precisely because it is very special in the sense of allowing one to gain certain insights that other organizations would not be able to provide'. While, as acknowledged above, Alliance Boots was not chosen in the sense that Siggelkow means, it did seem, *prima facie*, to provide an opportunity to gain certain insights that would be difficult to gain

elsewhere. Thus, although ‘theory building from multiple cases typically yields more robust, generalizable, and testable theory than single-case research’ (Siggelkow, 2007, p.27), it is clearly defensible at this stage in developing MacIntyre’s framework to use a single case approach.

A further methodological criticism that might be levelled is that case study research, and the theory-building that emerges from it, is usually inductive in nature. Here, however, we already have a reasonably robust theoretical framework, and hence deductive research in order to test this theory might seem more appropriate. Siggelkow, however, argues that cases can be used as illustrative of conceptual constructs and show the plausibility of a causal model (2007, p.21-22). The argument for studying Alliance Boots is that MacIntyre’s conceptual framework is at an early stage of development in relation to the study of organizations, with limited empirical testing already carried out, and so case study research is important in exploring and illustrating the concepts more fully in an attempt, as noted above, to begin to confirm, refute or modify the theory. In addition, two empirical questions were noted in the discussion of the conceptual framework (how to evaluate goodness of purpose and whether organizations prioritise the pursuit of internal or external goods), and it is clearly important to begin to provide some data in response to these. In summary, rather than building new theory, this piece of research was designed to provide an inductive elaboration of an existing theoretical framework (Pratt, 2009, p.859).

Methods

While, as noted above, access was granted to the Boots’ archive, and various Alliance Unichem documents (such as annual reports prior to the merger) were also obtained, the main focus of this paper is on the interviews; other sources are introduced to provide supplemental evidence where appropriate. Altogether, 21 semi-structured interviews lasting one hour on average were conducted of which six were with ‘former’ Alliance Unichem employees (i.e. employees who had worked for Alliance Unichem but now worked for Alliance Boots), 12 of similarly ‘former’ Boots employees and three were ‘outsiders’. Apart from two telephone interviews, all others were conducted face-to-face.

The internal interviewees were from various hierarchical levels (a former non-executive director through to store managers with many middle managers in between) and were from different functions (Human Resources, Accountancy, Marketing and Engineering being examples) and locations within the firm. To avoid compromising anonymity, quotations given below use the following legend: Boots Store Managers (BS1-2); Boots Managers (BM1-10); Alliance Unichem Store Managers (AUS1-2); Alliance Unichem Managers (AUM1-4); Outsiders (O1-3). The three outsiders worked for different non-governmental organizations and had each engaged with the merged organization (and in some cases with Boots prior to the merger) in a consulting capacity. Hence, they knew the organization reasonably well and were able to answer the questions posed from an informed perspective. The use of outside observers is, of course, a recognised technique in case study research (Eisenhardt & Graebner, 2007, p.28).

How to address MacIntyre’s conceptual framework within an interview context is, of course, not straightforward. The terminology of virtues, practices, institutions, internal and external goods, in their technical sense, would either mean little or would require extensive explanation to typical interviewees. However, Crockett (2008), who as noted above has himself conducted empirical work using MacIntyre’s framework, has argued that MacIntyre’s

terms need not transliteration but translation. This idea was used in framing questions related to internal and external goods, and is discussed further below.

One of the questions that needed little translation, however, was about organizational purpose. Linking this to the organizational changes that had occurred, the following question was posed: ‘How would you describe the mission and purpose of the organization? Have these changed through the two major changes that have taken place?’. The reason for asking about mission as well as purpose was that Alliance Boots, unusually, has clear statements on both and it was felt better to address these together and separate out the responses to the ‘purpose’ question. The mission, in common with a typical corporate strategy approach, is: ‘To become the world’s leading pharmacy-led health and beauty group’. The purpose is: ‘Delivering products that help people look and feel their best’, a rather vague attempt to link both the health and beauty elements of the business, but nonetheless closer to a *teleological* statement than the mission.

In order to explore the issues relating to practice and institution, internal and external goods, an exercise from Crockett’s earlier work (2005) was employed – see Figure 2. The exercise uses terminology familiar in business but which also broadly relates to MacIntyre’s notions of internal (excellence) and external (success) goods. The exercise works by first (#1) asking the interviewee to give some words or phrases that describe what it would mean for the organization to be excellent. The terms were jotted down on a piece of paper. Secondly (#2), interviewees were asked how their organization measures success. A list was similarly jotted down.

Insert Figure 2 about here

A see-saw balance was then drawn and interviewees asked to score the present balance in the organization on a 1-10 scale (#3). This forced interviewees to allocate between the pursuit of success and excellence (e.g. 6-4 or 3-7). It could be argued (and one interviewee noted this) that this is a zero-sum game, and an alternative would be to allow scoring of, say, up to 10 on each dimension (e.g. 8-9 or 3-10). The reason for the scoring system that was employed derived from the theoretical framework described above which speaks of achieving a balance in the pursuit of internal and external goods. The danger of a free choice was that interviewees would not focus on the issue of balance and scores approaching 10-10 might well have been a frequent outcome. Having to allocate between success and excellence (although allowing for a tied 5-5 result if appropriate) forced the issue.

An addition was made to the Crockett exercise at this point; interviewees were asked for the scores they would allocate to Boots and to Alliance Unichem as separate organizations prior to the merger, and then to the merged organization. While all of the scores that interviewees gave were, inevitably, perceptions, a request made of the key contact at the design stage was that interviewees had worked for the organization long enough to have ‘lived through’ the merger and acquisition – a condition that was largely adhered to.

Finally, as per the Crockett exercise (#4), interviewees were asked what they thought the scoring for an ideal business organization would be. Having completed this quantitative exercise, interviewees were asked what they thought about correlation and causation (#5) – ‘What is the relationship between these two? Does excellence lead to success, or success to excellence, or are they unrelated?’.

It will be apparent that by using a quantitative exercise as part of the research a concurrent mixed methods approach was being employed (Creswell, 2003, p.16). Such mixed methods are, of course, becoming more prevalent and are in sympathy with the critical realist methodological approach outlined earlier.

Behind the two areas of questioning outlined above, and as discussed earlier, is the idea that the two concepts of organizational purpose and success-excellence are conceptually distinct – see Figure 3. In theory organizations could occupy any part of the ‘space’ created by these two dimensions. However, it seems likely that particular types of organizations will occupy certain areas. It is possible, as an extreme though unlikely example, that a concentration camp could pursue excellence in its operations (bottom right) though it would be more likely to pursue success in its terms (bottom left), or that a charitable organization with a fundamentally good purpose could pursue financial success and managerial utility over excellence in its work (top left rather than a more balanced position). As noted above, the virtuous organization does not occupy the top right corner of the map, but is located just on the excellence side of the success-excellence scale, though obviously with a good purpose. A vicious organization (in the technical sense of opposing virtue), on the other hand, would clearly have a bad purpose (it would not contribute to the overriding good of the community) and, though tending to pursue success, might be located anywhere along the lower boundary of the mapping.

Insert Figure 3 about here

All interviews were recorded and transcribed and the transcriptions offered to interviewees to check and amend (five did so but made no alterations). The transcriptions were fed into NVivo as a tool for organizing the data but most of the analysis was conducted manually using a process of initial and focused coding (Marshall, 2002; Saldana, 2009) through which key themes emerged.

Results and discussion

Organizational purpose

The first issue to consider is whether interviewees understood the concept of organizational purpose and were able to distinguish between purpose and mission (and values and vision which also emerged as related terms in the discussions). Perhaps because of the existence of a statement of organizational purpose (and mention of this in the introduction to the question), most interviewees did demonstrate understanding. However, several misunderstood it, said they were muddled, thought there was no difference between mission and purpose, or had not heard of the idea of (or Alliance Boots’ statement of) organizational purpose.

Five themes emerged from the focused coding. First, and most prominently, was that the organizational purpose was to do with healthcare:

‘In terms of the purpose of the organization, it’s very much healthcare led.’ (BM4)

‘It is providing the highest quality pharmacy healthcare to our customers ...’ (AUM1)

‘The purpose of this store, as I see it, is to enrich people’s lives through improving their health ...’ (BS1)

‘... our aim is actually to help people to better health ...’ (AUM4)

Associated with this was an emphasis on the pharmacy-led nature of the organization, with customers sometimes seen as patients, and with an emphasis therefore on medicines and drugs:

‘It’s, well, the purpose is to make a difference to the community. You know, the health of the patients and their general wellbeing.’ (AUS2)

‘... how do we get the drugs from the manufacturer into the hands of the person that actually needs them?’ (BM9)

The following quotation emphasises the pharmacy-led origins of Alliance Unichem, as well as demonstrating some pride in the purpose of that part of the organization:

‘We deliver about more than 100,000 pharmacies at least twice a day across Europe and that’s a huge logistical exercise. And we are conscious that it’s about people’s health, right? Us delivering the right drugs at the right place at the right time can be life-saving and so excellence in that area is so key because, in the end, it could be the life of a patient.’ (AUM3)

Other terms that were used in support of the healthcare purpose were solving people’s ailments, providing product plus advice (claimed to be distinctive from supermarkets which stock similar products but are unable to advise their customers), and being there for people at their time of need.

The second theme followed from this and indicated an emotional engagement with the organization’s purpose:

‘There’s a more emotional angle to that [organizational purpose], I guess.’ (BM1)

For one interviewee this was very much rooted in a personal engagement:

‘To me, I’ve always wanted to be in pharmacy as a helping profession, that we help our customers.’ (AUS1)

Another indicated that employees in general were able to engage at an emotional level. He referred to:

‘an employment brand where we’ll be talking about what we call life-changing careers. So if you can have a life-changing career by doing life-changing work, then as a brand you’ve got a proposition.’ (BM5)

While this could easily be regarded as corporate rhetoric, it was reinforced with the example of health and beauty consultants undertaking charity work with cancer patients in a local hospice.

Another indicated the emotional engagement customers could have with a Boots’ store:

‘Boots is interesting because it is always there for people at a time of need. This for me is where the trust has grown over the years is that when people have real concerns about they’re feeling unwell, or a member of the family is unwell, or that they have just had a new family member and they want advice and things like that, that’s when Boots is special and, you know, that sort of starts the relationship that builds and even, you know, mothers introduce daughters to Boots, almost this is the place to come and get this sort of advice or these sorts of products, and so it becomes a part of the family culture almost in the UK.’ (BM3)

One store manager (AUS1) related a story of a large charity event local to the store which involved closing the main road outside the store on a Sunday. In order to get drugs to a patient, the store manager arrived early, having arranged to meet the patient at 9.00am despite being ‘notoriously bad at getting up’.

A further aspect of this emotional engagement was a strong link to the community:

‘It’s, well, the purpose is to make a difference to the community.’ (AUS2)

‘... on the former AU side, it was more sort of this community thing, community pharmacy, the community presence ...’ (AUM3)

The third theme was around retailing, being customer-led and beauty products and here there was some ambivalence expressed about organizational purpose. Beauty products were clearly important to the overall offering – health and beauty were almost always cited together and the beneficial effects of beauty products were seen to sit comfortably alongside pharmacy products. The quotation below provides the interviewee’s full statement in contrast to the extract given above:

‘The purpose of this store, as I see it, is to enrich people’s lives through improving their health and improving the way they feel about themselves, the beauty side of it.’ (BS1)

But beauty products were also seen as the driver of profitability:

‘And we can profit from the beauty side ...’ (AUM3)

The retailing emphasis was particularly associated with the organization being customer-led and focused on customer satisfaction:

‘We do talk about customers a lot, so we are a customer-led, marketing team, so we have a customer-led marketing strategy ...’ (BM8)

‘Our purpose is to be customer-led, to provide a service to the customer is to basically improve their health, their well-being.’ (AUS1)

‘Being customer focused is about everything we do for the customer and making sure your offer is different to everyone else in the high street ...’ (BS1)

But the ambivalence over retailing is perhaps best expressed in the following quotation:

‘You know, when all said and done, despite the retail side of the business, we are in a healthcare market ...’ (AUM4)

Despite the strong reinforcement of a virtuous organizational purpose associated with healthcare and the emotional engagement and commitment it engendered, signs began to emerge that not all the interviewees were happy with the strong retail and related customer focus of the organization. There is also a suggestion that the beauty side of the organization was seen as less virtuous than the health side – a point which emerged more fully later in the interviews.

The fourth theme reinforced this emerging ambivalence with some interviewees being much more critical of the organizational purpose. Two argued that organizational purpose was, in reality, about profit:

‘I guess in the old world of Boots a number of people would have said, there is a sort of higher purpose here, healthcare to the nation and almost this very much value-driven reason for being, but in reality it’s always about the money, it’s always about performance and it’s about how you achieve that and if you can meet those ideals along the way, then great ... We have to ensure that everything that we do is financially sound and we have to justify what we do and getting the return, so it feels very much more focused now about the cash value as opposed to the more ethereal values of the company, healthcare to the nation.’ (BM6)

‘It’s probably about creating the best shopping experience or satisfying customers so that they spend more money in our stores. I mean that’s probably it. Yea, fundamentally I think that’s probably it.’ (BM7)

There is clear evidence here of the purpose being put to the service of the mission. Associated with this, other terms that were used suggested the organization had become more cutthroat and efficiency-oriented with the culture becoming tougher and more intimidating. The financial perspective and utilitarian approach to customers identifiable in the quotations above were reinforced through a similarly utilitarian approach to purpose from employees who, it was suggested, were focused partly on achieving their own bonus at the end of the year.

One interviewee felt that the organizational purpose was not profound enough and did not relate sufficiently to healthcare:

‘... there isn’t enough indication and there isn’t enough content in there or it doesn’t feel like it, that reflects the healthcare side of the business ... It’s not distinctive or profound enough for me.’ (AUM4)

Within these four themes was there any evidence of concern or debate over the community’s good and how the internal goods of the organization contribute to it? Perhaps not surprisingly, the answer here was generally no. Two interviewees (both outsiders) questioned the organization’s understanding and commitment to ecological sustainability issues as part of its purpose, but for the insiders there seemed generally to be an easy assumption that health and beauty are goods that communities do or should value. Hence there was no apparent need from insiders to question whether Alliance Boots’ products and service

contribute to the community's good, even if healthcare products were more clearly directed to this end than beauty products.

The final question in this area was to do with evidence of any change to organizational purpose over the past three years during the significant changes that the organization(s) had been through. This led to the fifth theme to emerge. Some interviewees indicated that there had been a change while several saw no change. Some interviewees thought that generally the change was a move back towards emphasising the health side of the organization:

‘.. you need to think of the future of our business being far more within the health offer.’ (BM8)

Boots, despite its history as providing ‘healthcare to the nation’ (as noted in one of the quotations above), was now seen primarily as a health and beauty retailer, with an emphasis on the range of beauty products it sold, whereas Alliance Unichem was seen as primarily a pharmacist, and pharmacies, as noted above, were seen as places of service and advice as well as simply the provision of products. Indeed, it was apparent that the healthcare side of the business was seen as morally superior to the beauty side:

‘Our position is very clear that we want to occupy the higher ground of pharmacy-led first and then it’s health and beauty retail.’ (BM5)

As noted above, the phrase ‘pharmacy-led’ recurred (though note the confusion between purpose and mission in the following quotation):

‘I think the biggest change is the absolute focus on healthcare and on the pharmacy-led part of our mission.’ (BM8)

Some, however, saw the change to organizational purpose being more a combination of the health and beauty sides:

‘What is important and has changed for sure for the Boots’ side of the business that’s joined the company is that we put the health element back into our business, in our statements and values and everywhere because Boots has grown strongly down the road of beauty whereas the legacy company of Alliance Unichem has always had a strong emphasis on health, and now both have come together, so we are now health and beauty. But for Boots it’s to put health back in business and I think for former Alliance Unichem it’s to discover the opportunities on beauty.’ (AUM3)

There were two reasons cited for the change. One was to do with an external environmental change in which the role of pharmacists was being enhanced by the UK government so that they were becoming the ‘first port of call’ (BM9) in the event of illness. The other was to do with internal direction as a result of the merger. Stefano Pessina, who formerly headed Alliance Unichem and had become the Executive Chairman of Alliance Boots, had clearly won out in the battle for control of the merged organization (as is evident in the quotation above). As a result it was former Alliance Unichem people who now headed Alliance Boots and it was consequently their healthcare background that was beginning to dominate, as noted by this former Boots interviewee:

‘I think without a doubt it’s come from on high, the background of Stefano Pessina and his new Board very much within the healthcare arena.’ (BM8)

And similarly, from a former Alliance Unichem interviewee:

Interviewer: ‘... that focus on pharmacy-led .. where did that come from?’

‘From the AU side, it simply came because that’s where the roots of the business of Alliance Unichem, that’s where it all started. The main customer was mainly the wholesale business at the time, and is obviously the independent pharmacist and it’s the pharmacy in your community hence the ultimate patient, right, a very strong direct link down to the individual patients in the community, where that has been very distant for Boots’ environment where the focus was mainly on beauty, right? (AUM3)

What becomes clear from the interviews is that while there is some confusion between (or at least synonymous use of) terms like mission, purpose, vision and values, most interviewees do understand the concept of organizational purpose and most relate it to the good of the community – that is, they are to some extent able to distance themselves from a localised morality that might value internal goods only for the external goods they could produce, and are able to evaluate the way in which the organization’s internal goods, derived from the core practice, genuinely do contribute to the common good of the community. The primary purpose of the organization is around healthcare, and that this leads genuinely to the common good seems to be reinforced by its potential to call forth an emotional response from employees and customers alike.

But there is also some contrasting evidence that organizational purpose is focused around retailing and being customer-led. Related to this, some do not see the purpose as contributing to the overriding good of the community but to the financial success of the organization – a perhaps unsurprising (because common) conflation between organizational purpose and success. And for such interviewees there is scant evidence of the critical approach to the community’s good and to the way in which the internal goods of the practice contribute to it. There is also a division about whether the purpose has changed over the last three years with some saying it had changed in the direction of being pharmacy-led (i.e. with more emphasis on healthcare), with an alternative view that it was now heading towards a combination of health and beauty. There is also clear evidence that Alliance Unichem was seen as having had a better purpose because of its emphasis on pharmacy and healthcare activities, whereas Boots was more retail- and beauty-led. There is significance in the fact that Alliance Unichem had, in effect, won out in the merger and its senior team, all from a healthcare background, is now in charge.

Overall, these findings confirm the conceptual distinction between internal goods and the common good, while suggesting that there is always the potential for individuals not to see the distinction (and so potentially to value internal goods only for their potential to generate external goods). Similarly, the organization may, perhaps deliberately, conflate purpose and success (despite in this case the public statement of purpose), inviting employees not to question the purpose – an example of MacIntyre’s proposition that we should always ask what our own social and cultural order needs us *not* to know (MacIntyre, 1999, p.319). Associated with this, we need to acknowledge the potential for interviewees to have been so absorbed within the institutional logics of private equity in general, and Alliance Boots in particular, that they were unable to see the domination of power-based authority and so were ‘acquiescing in their own domination’ (Clegg, 2010, p.6).

Success-excellence exercise – qualitative findings

The first stage of the success-excellence exercise involved interviewees giving words or phrases that describe what it would mean for Alliance Boots to be excellent and similarly describing how the organization measures success. Working from the transcripts, the terms that interviewees gave were grouped into categories – see Table 1. A few examples might help to explain the process of categorisation. For success, terms like ‘financial’, ‘profit’, ‘sales’ were categorised as *financial*; ‘customer care’, ‘customer loyalty’ as *customers*; ‘staff retention’, ‘staff satisfaction’ as *people*. For excellence, terms like ‘customer satisfaction’, ‘strong relationship with its customers’ were categorised as *customers*; ‘the right product’, ‘new innovations we bring to market’ as *products*; ‘the quality of people’, ‘listens to its people’ as *people*.

Insert Table 1 about here

While there are a number of categories in both success and excellence, three account for over 60% of the success terms (*financial*, *customers* and *people*, with *financial* not surprisingly dominating) and four account for over 55% of the excellence terms (*customers*, *product*, *trusted* and *people*). It is immediately apparent, however, that there is considerable overlap between the categories. Only two of the success categories were not included in the excellence categories (*growth* and *brand*) and only four of the excellence categories were not included in the success categories (*product*, *stakeholders*, *innovative* and *visionary*). The same seven categories were used in both (*customers*, *people*, *financial*, *trusted*, *suppliers*, *environment*, *socially responsible*), thereby challenging the success-excellence distinction.

Crockett (2005) found the same thing, although only three categories overlapped in his study (staff morale, customer satisfaction and industry reputation). At first these were regarded as a methodological nuisance (Crockett & Anderson, 2008) but it was later thought that they provided unexpected insight, and were thus given the name *intermediary* goods. A possible explanation of this class of goods is provided by MacIntyre himself when he suggests that we can rank different types of goods in a hierarchical order. Some goods are valued only for their own sake – internal goods. Then there are those which are valued only for the sake of some further good – external goods. But MacIntyre notes that there are also goods which are valued *both* for their own sake *and* for the sake of some further good (MacIntyre, 1988, p.34). Hence, despite MacIntyre’s exclusive use of internal and external goods in relation to practices and institutions, it appears that there may be a further category of goods, recognised by MacIntyre himself but apparently not incorporated into his conceptual framework.

If this is so, it appears that what we have in the outcome of the success-excellence exercise is that some goods are both ‘for their own sake’ (e.g. the internal good of customer satisfaction) and ‘for the sake of some further goods’ (e.g. the external good of the financial success that derives from such satisfied customers buying more products). Similarly the internal good of perfecting the individual (employees) in the process of engaging with the practice, which interviewees noted as an important dimension of being excellent, will likely result in motivated employees who contribute to the success of the organization. Indeed, if this explanation is correct, it may be that in business organizations most goods are intermediary goods serving a dual function.

But is it correct? First, we should note a more recent discussion between Keat (2008a, p.249) and MacIntyre (2008b) in which Keat observes that external goods (particularly money)

allow access to the internal goods of other practices, a similar argument to Sayer (2003, p.348, p.352). Both Keat and Sayer give the example of using money to buy a musical instrument in order to participate in the practice of making music. In response to Keat, MacIntyre acknowledged that, 'I have so far failed to take adequate detailed account of the heterogeneity of goods and I have not spelled out, as I need to do, the various different ways in which goods may be rank ordered in a flourishing life'. Frustratingly, however, he merely admits that 'more needs to be said, especially if I am to defend my claim that the institutions of contemporary market economies frustrate the achievement of goods central to human flourishing' (MacIntyre, 2008b, p.267).

While inconclusive, this discussion does recognise external goods as goods, but always as what Keat refers to as instrumental goods such that 'if anyone pursued them for their own sake, they would be making a mistake about what is good for humans' (2008a, p.248). Also recognised here is the intimate association between internal and external goods such that it is external goods which allow access to internal goods – and this may occur through engagement in the very practice through which the external goods were achieved in the first place, or by engaging in other practices.

In relation to the empirical findings, then, it seems equally possible to retain the conceptual clarity of the distinction between internal and external goods. The explanation for the same categories appearing under both excellence and success would run something along the following lines. There are goods which are genuinely internal goods – the satisfaction of customers, the excellence of the products, the perfection of employees through their engagement in the practice. These are pursued for their own sake, irrespective of their impact on success. Then there are goods which are unquestionably external – the financial success of the organization, which is achieved in the long run through satisfied customers buying excellent products and served by motivated employees. These external goods are pursued, at least in the ideal, for the sake of some further good rather than for their own sake – they enable the organization to survive, and thus for the practice to flourish such that excellent products can continue to be developed and service given, and employees can continue to be perfected through their engagement in it. They also allow those who benefit from the financial success of the organization (shareholders, other financiers, employees, suppliers) to use the money so obtained to engage in other practices and so gain other internal goods thereby available.

If this explanation is correct it points to a theoretical advance in confirming not only the distinction between internal and external goods but identifying also their *essential circularity*. Just as the practice and institution form 'a single causal order' (MacIntyre, 2007, p.194), such that it may not always be obvious exactly where one finishes and the other begins, and yet the distinction remains fundamental, so internal and external goods feed one another in a continuous cycle, even if not necessarily within the same practice-institution combination. But here too the distinction is fundamental: it is essential that we as individuals are able to distinguish between the two different types of good if we are to pursue our own good; it is essential that society is able to distinguish between them if it is to pursue the common good and not to systematically 'subordinate goods of the one kind to goods of the other' (MacIntyre, 1988, p.35, cited above). On this understanding, the concept of intermediary goods may be helpful in recognising the potential for the whole concept of goods to be sullied by combining the two categories (so, in a kind of reverse Kantian morality, one never just sees a customer as a person but always also as a potential source of revenue). But this

approach is ultimately dangerous as it clouds the importance of the conceptual distinction between internal and external goods.

If this is so, the final question concerning causal direction in the success-excellence exercise ought to provide some empirical evidence. Interviewees were asked, ‘What is the relationship between these two? Does excellence lead to success, or success to excellence, or are they unrelated?’. In response almost all interviewees thought that the relationship was from excellence to success:

‘... you've got to have the excellence otherwise you won't get the success.’ (AUM4)

‘... if you don't have success it could mean that you are not excellent.’ (BM2)

Some interviewees qualified this explicitly arguing that it was not directly causal: excellence does not guarantee success, usually because there are other (commercial) aspects that have to be ‘right’ for excellence to be translated into success:

‘Yes, I think, not necessarily that it [success] will follow [excellence] because you have to do a lot of other things as well, but it's a key part of it.’ (BM6)

‘Then when you have got the excellence, then how do you turn that into something which is commercially viable?’ (BM9)

An interesting example was given by one interviewee who cited the Perfect and Protect anti-aging cream that Boots had developed. This was known to be a good product, but when independently endorsed by an academic, ‘we couldn't keep up with demand’. Hence this was put down to ‘a bit of luck’ (BM1) in turning excellence into success.

Three interviewees qualified their view that excellence and success were related by saying that excellence led to success in the long-term:

‘I would say you can have short-term success without striving for excellence, but I think in the long-term you can't have success without [excellence]’ (O1)

Two interviewees commented on success's relationship to excellence. One denied that it could go in that direction, while one thought that it could:

‘...certainly, if you are doing well over here [success], then it releases more funds to be able to invest in people, development, training, that kind of stuff.’ (BM1)

There is evidence here (*within* the same practice-institution) of an implicit understanding of a complex relationship between internal and external goods and hence between the practice and the institution. There is an acknowledgement of the priority of internal goods over external – success follows excellence – and hence of the practice over the institution, in sympathy with the theoretical position outlined above. But there is also a degree of complexity indicated by a lack of direct causality, a time dimension and the possibility of reverse causation. There is, therefore, empirical evidence in support of what we should now identify theoretically (and extending MacIntyre's own exploration of the inter-relationship cited earlier) as the *essential but complex circularity between internal goods and external goods*. This includes recognising that this can occur both within and outside of particular practice-institution combinations,

through the use of external goods derived from one practice-institution combination to engage in another practice in order to obtain the internal goods therein.

One final point is worth making in relation to the categorisation of the excellence responses. MacIntyre, as noted above, refers to the internal goods of the practice being to do with the excellence of the product and the perfection of the individual in the creation of that product. *Product* and *people* do appear in the excellence list but not to the extent one might expect and with many other factors besides these two. But, in particular, references to *customers* were roughly double those to *products* or *people* and, while this may simply reflect the business orientation of the organization, it may also reflect a point already made in relation to MacIntyre's work by both Keat (2000) and Sayer (2007).

Keat has argued that those who are the beneficiaries of the outputs of the practice – in this case the customers who purchase the goods – may well be excellent judges of such output, and that they do, in some sense at least, determine the standards of excellence in the practice (Keat, 2000, p.128-9). Interviewees implicitly acknowledged this. Sayer (2007) notes in relation to economic work that 'producer interests are important but the point of the work is to serve users, not to provide producer satisfaction' and he likens this to the point of childcare being the child not the welfare of the carer. We might wish to argue that it is *both* about serving others *and* the producer's / carer's welfare although Sayer acknowledges that his prioritisation of 'consumer' over 'producer' interests 'is compatible with the idea that engagement in work can itself be an important source of well-being'. Sayer also makes the point that 'the moral desire to serve others well and not to let fellow workers or clients down is common in capitalist as well as non-capitalist economies' (2007).

Success-excellence exercise – quantitative findings

We turn now to the question of the organization's fundamental allegiance to either internal or external goods which can be established from the overall scoring of the success-excellence exercise. This is shown graphically in Figure 4 using the success scores for all interviewees. (Excellence is simply (10 minus success) and hence anything less than 5 in the scale below indicates an emphasis on the pursuit of excellence over success.)

Insert Figure 4 about here

It is of note that the ideal score is weighted just towards excellence (success = 4.9). Against this as a norm, Boots was close prior to the merger (5.2) while Alliance Unichem was further away (6.6). The merger seems to have had a moderating effect, the post-merger firm having a success score of 5.7. The private equity takeover does not make much difference (5.8) but has moved Alliance Boots very slightly further from the ideal. In sharing these results with the key contact, one possible explanation for the difference between Boots and Alliance Unichem was offered. Boots, as a retailer, would have significantly higher profit margins while Alliance Unichem, as primarily a wholesaler, would have much tighter margins. With such tight margins, the financial emphasis would be stronger at Alliance Unichem. This is borne out by a simple analysis of the last set of comparable accounts (2005) prior to the merger – Alliance Unichem had an operating profit of 2.9% of turnover whereas for Boots the same figure was 9.2%.

One interesting insight that emerges from this analysis is that the interviewees had a collective view that the ideal was close to, but just on the excellence side of, 5-5 as suggested by the theoretical framework and supported by the view discussed above that in general

excellence led to success. Interviewees also acknowledged that Alliance Unichem prior to the merger, the merged Alliance Boots and the current firm were all significantly different from this ideal. The exercise therefore seemed to enable an un-earthing of an over-emphasis on success which it might have been difficult to obtain through more direct questioning with the social desirability response bias often associated with such research (Randall & Fernandes, 1991).

One other outcome that is worth noting is that a minority of the interviewees were of continental European rather than UK nationality. Figure 5 shows the success scores for these two groups. It is interesting to note that the continental Europeans are consistently more excellence-oriented in their responses.

Insert Figure 5 about here

This may offer some limited empirical evidence of the different form of capitalism that exists in continental Europe with, in MacIntyre's terms, a greater emphasis on excellence compared with the Anglo-American emphasis on success, and potentially explained in terms of different institutional logics and thus power relations. Keat (2008b, p.80-82) explores this specifically in relation to MacIntyre's work and notes how the German version of capitalism in particular, which he refers to as a horizontal coordinated market economy, has a number of significant features – patterns of share ownership, access to finance, form of corporate governance, consensual forms of management, cooperative relationships particularly with firms in the same industry (hence the 'horizontal' description), the approach to training and apprenticeship, research and development conducted on an industry-wide basis, and competition based on quality rather than price – which differ from liberal market economies typified by the UK and USA. On the basis of this analysis, he argues that coordinated market economies of the type represented by Germany 'are positively conducive to a practice-like conduct of production' (Keat, 2008b, p.83) and hence that MacIntyre's critique of capitalism is directed at 'a specific *kind* of capitalism' (Keat, 2008b, p.78) and not capitalism in general.

Summary of the empirical work

The results can be summarised on the schematic mapping for organizational virtue – see Figure 6. Boots prior to merger is close to the virtuous position on the success-excellence axis, while Alliance Unichem (AU) prior to the merger is more success-oriented. Alliance Unichem, however, has a better purpose because of its healthcare focus. The merger (AB) causes a moderating effect on both dimensions. The effect of the private equity takeover is marginal (and quite possibly, at the time of the interviews in mid-2008, too early to discern), but the dotted lines show the directions that this seems to be taking – both towards a better purpose as the healthcare-led focus re-establishes itself under the former Alliance Unichem leadership, and more success-oriented as the financial focus of private equity asserts itself. The general direction, therefore, would seem to be at roughly 90 degrees to that which would lead to a virtuous organization.

Insert Figure 6 about here

One of the benefits of this mapping is that it can be used as a means of organizational analysis (Beadle & Moore, 2011), which draws on the narrative journey the organization has been on to trace its recent history and describe and explain its current position, and which allows a critical appraisal of its likely future direction on two fundamental dimensions (purpose and success-excellence) against an ideal-type virtuous organization.

Conclusions

In this paper I have outlined MacIntyre's conceptual framework, shown how it may be applied to business organizations, and presented some findings from an empirical study of Alliance Boots. What might we conclude?

It is evident that it is possible to apply a virtue ethics approach to business organizations *at the level of the organization*, rather than only at the level of individuals (managers or practitioners) – interviewees had, in general, no difficulty conceptualising issues at this level. MacIntyre's framework, when translated into the terminology used here in the empirical work, also allows the conceptualisation of key issues related to a virtue ethics approach to organizations. Thus, in relation to organizational purpose, the extended theoretical discussion together with the empirical evidence supports a conceptualisation of purpose in relation to the common good which is more than the simple aggregation of the organization's internal goods, and which thereby requires a separate process of deliberation within the organization, and ideally between the organization and the communities of which it is a part, as to what the community's good is and how the organization's internal goods may contribute to it.

In relation to excellence and success, the empirical evidence has allowed a theoretical advance in identifying the essential but complex circularity between internal and external goods. Thus, while on a MacIntyrean understanding, internal goods should be prioritised, the role of external goods in allowing access to internal goods, as well as external goods being the outcome of the pursuit of internal goods, are both revealed, while the complexity of the processes involved – the lack of direct causality, a time dimension and reverse causation within the practice-institution combination – has also been uncovered. Achieving the right balance in the pursuit of the different types of goods emerges as a key issue for organizations.

The importance of customers in relation to determining the standards of excellence of the practice provides empirical evidence in support of the theoretical critique of MacIntyre already offered by Keat (2000) and Sayer (2007). The empirical evidence also supports the assertion that, *contra* MacIntyre, the institutions of contemporary market economies do not necessarily frustrate 'the achievement of goods central to human flourishing' (MacIntyre, 2008b, p.267, cited above), although there is further evidence in support of Keat's (2008b) work that this may be more applicable within forms of capitalism other than the Anglo-American version.

We have also developed the idea of mapping the two key concepts onto a two-by-two framework and shown how this might be used, not so much to identify the exact location of an organization at one point in time, but to trace movements over time. It may be that such mapping is helpful to organizations both in distinguishing between purpose and success (a confusion noted above), in thinking through where they are and want to be in relation to organizational virtue, and in giving them some ideas for how any desired movement may be undertaken. Thus, there is a development here from organization theory to organizational analysis (Beadle & Moore, 2011).

At various points in the paper, I have made links to the practice turn in organization studies, to institutional theory and the 'power' literature noting, for example, that interviewees may have been acquiescent to institutional logics and thus open to 'domination by consent'

(Clegg, 2010, p.10). It might also be the case that consumers are acquiescent in the products they are offered and, *contra* Keat and Sayer, that MacIntyre is right that only practitioners can define the standards of excellence of a practice. KKR and private equity may be some way short of the kinds of 'total institutions' that Clegg et al. (2006, p.147ff) describe, but the case study presented here suggests that links between practices in organization studies, institutional theory, power in organizations and MacIntyre's conceptual categories may be a fruitful area for further study.

In relation to methodological improvements, it could be argued that the quantification inherent in the success-excellence exercise might be extended to the notion of organizational purpose. Interviewees generally acknowledged the 'better' purpose of healthcare over beauty, and the emotional response to healthcare as purpose provided further evidence. A scale here, while impossible to construct on any absolute basis, would allow respondents to score organizational purpose and might be useful if more quantitative work were to be pursued. While interviews here provided a vital qualitative method for exploring these issues in depth, it could be that more precise definitions and scales could lead to a more quantitative survey approach in future, allowing easier comparison between organizations and for the same organization over time (though with the caveat that MacIntyre's critical realist approach would not encourage a positivist research paradigm).

Overall, then, this paper makes a further contribution to the development of organization studies in MacIntyrean virtue ethics and offers both theoretical and methodological advances which, it is hoped, may encourage others to work in this field.

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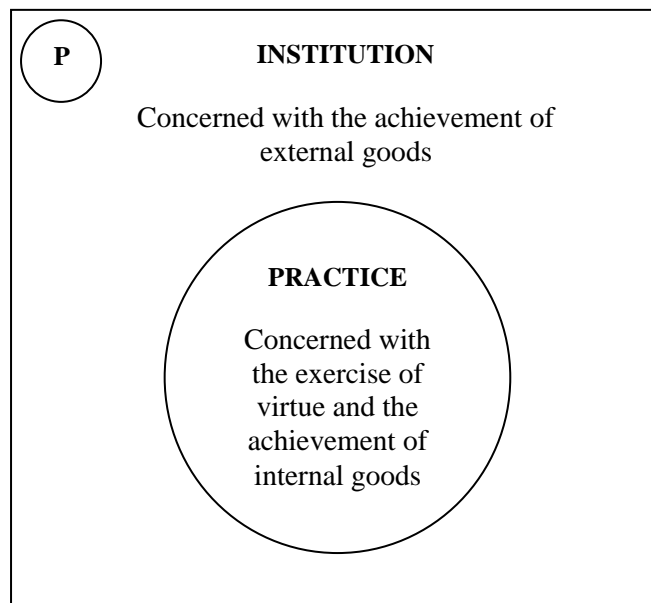


Figure 1. An organization represented as a practice-institution combination together with the secondary practice of the making and sustaining of the institution

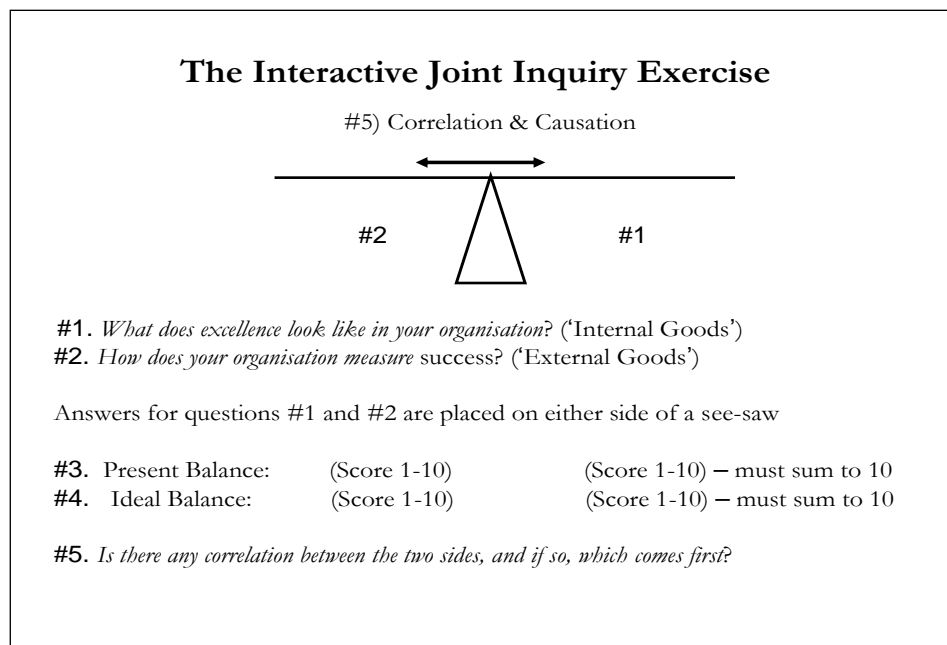


Figure 2. The success-excellence exercise (Crockett, 2005)

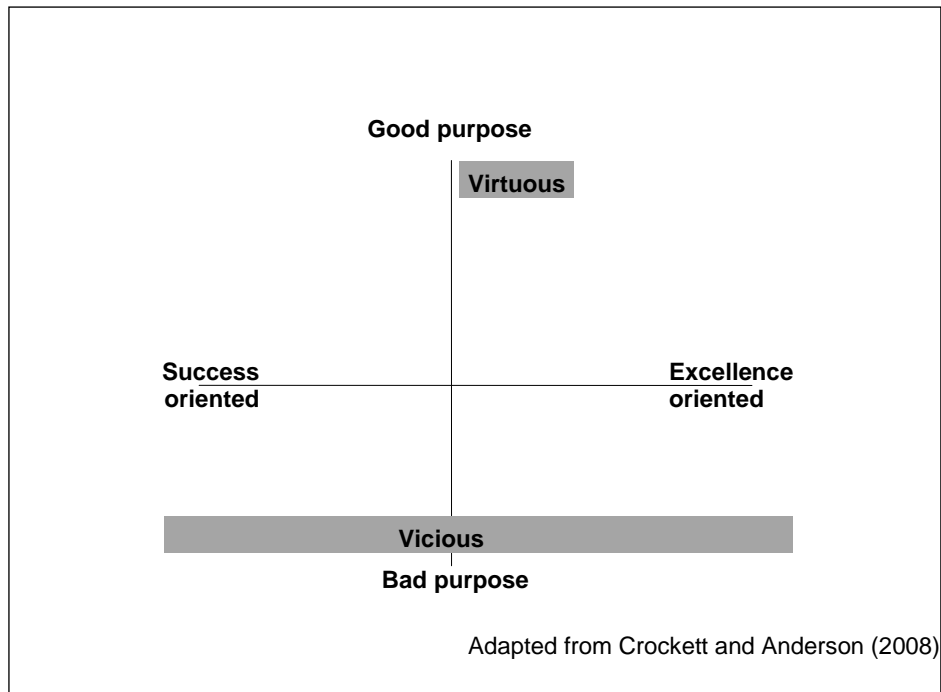


Figure 3. Mapping the virtuous organization

	Success	%	Excellence	%
1	Financial	43.4	Customers	22.6
2	Customers	13.1	Product	12.2
3	People	10.1	Trusted	12.2
4	Trusted	6.1	People	9.6
5	Growth	4.0	Financial	5.2
6	Brand	4.0	Environment	5.2
7	Socially responsible	4.0	Visionary	5.2
8	Environment	2.0	Innovative	3.5
9	Suppliers	2.0	Suppliers	3.5
10			Socially responsible	1.7
11			Stakeholders	1.7
12	Other	11.1	Other	17.4

Table 1. Success and excellence terms grouped by category

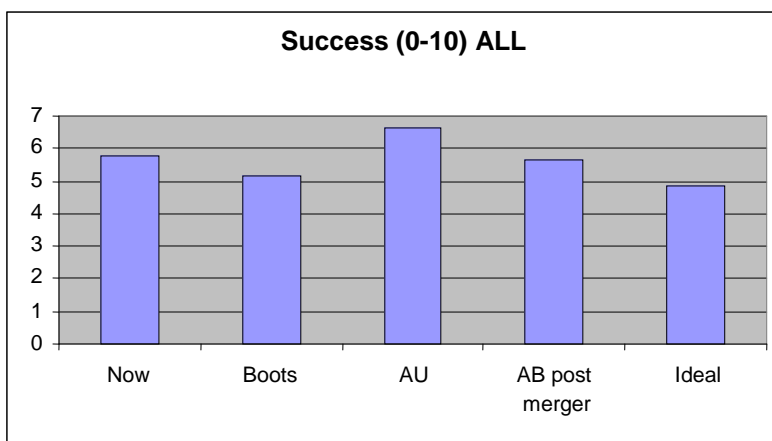


Figure 4. Success scores for all interviewees

Legend

Now = current score for the private equity entity Alliance Boots
 Boots = Boots prior to the merger
 AU = Alliance Unichem prior to the merger
 AB post merger = Alliance Boots after the merger
 Ideal = ideal for any business organization

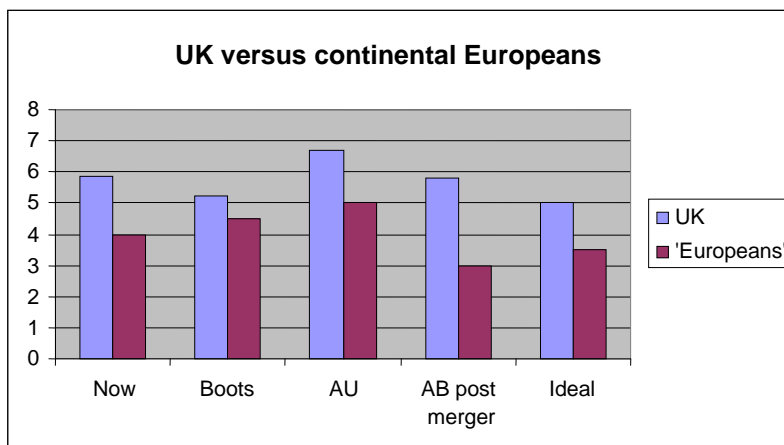


Figure 5. Comparison of success scores for UK versus continental European interviewees

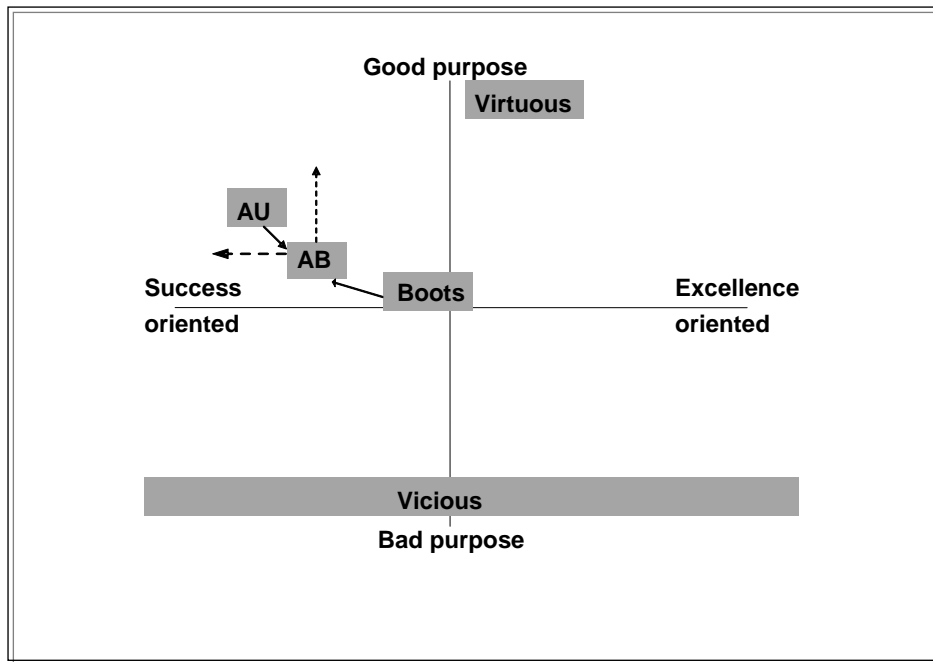


Figure 6. The Alliance Boots virtue mapping